

Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-11 L-03

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FM AMEMBASSY COPENHAGEN

TO SECSTATE WASHDC 9560

INFO AMEMBASSY ANKARA

AMEMBASSY ATHENS

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY HELSINKI

AMEMBASSY LISBON

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY OSLO

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY REYKJAVIK

AMEMBASSY ROME

AMEMBASSY THE HAGUE

USMISSION NATO

AMEMBASSY STOCKHOLM

C O N F I D E N T I A L COPENHAGEN 2373

E.O. 11652: GDS

TAGS: PINT, PFOR, NATO, DA

SUBJ: SOCIAL DEMOCRATS PROPOSE CUT IN DEFENSE BUDGET

REF: COPENHAGEN 2372 (NOTAL)

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1. IN CONNECTION WITH THE CURRENT ROUND OF NEGOTIATIONS

ON GOVERNMENT ECONOMIC POLICY (REFTEL), THE SOCIAL DEMOCRATIC PARTY PROPOSED AUGUST 26 THAT 130 MILLION KRONER (20 MILLION DOLLARS) BE CUT FROM NEXT YEARS'S DEFENSE BUDGET AND THAT THIS COULD BE DONE WITHOUT DAMAGING THE EFFECTIVENESS OF THE DEFENSE FORCES (NEXT YEAR'S DEFENSE BUDGET IS APPROX 2.5 BILLION KRONER). FORMER PRIMIN ANKER JORGENSEN STATED THAT THE PROPOSAL WOULD OF COURSE REQUIRE AGREEMENT BY ALL FOUR PARTIES WHO SUPPORTED THE 1973 DEFENSE COMPROMISE (SOCIAL DEMOCRATS, RADICAL LIBERALS, MODERATE LIBERALS, CONSERVATIVES).

2. THE PROPOSAL WAS IMMEDIATELY ENDORSED BY JENS BILGRAV-NIELSEN, DEFENSE SPOKESMAN FOR THE RADICAL LIBERAL PARTY. POUL SCHLUTER, ACTING CHAIRMAN OF THE CONSERVATIVE PARTY, ISSUED A STATEMENT AUGUST 27 DECLARING THAT THE CONSERVATIVE PARTY WOULD MAINTAIN THE DEFENSE COMPROMISE. IN WHAT WAS INTERPRETED AS A SLIGHT WAFFLE, SCHLUTER ADDED THAT HIS PARTY WAS WILLING TO DISCUSS THE PROPOSAL TO PERMIT SOCEMS OPPORTUNITY TO SHOW WHERE CUTS COULD BE MADE WITHOUT WEAKENING DEFENSE CAPABILITIES.

3. EMBASSY HAS TAKEN SOUNDINGS WITH THE FOUR PARTIES CONCERNED. (THEY HAD AGREED IN PASSING THE DEFENSE COMPROMISE OF FEBRUARY 1973 THAT NO REDUCTIONS WOULD BE MADE IN THE DEFENSE BUDGET FOR THE FOUR YEAR PERIOD OF THE AGREEMENT.) FORMER SOCIAL DEMOCRATIC FONMIN K.B. ANDERSEN TOLD EMBOFF AUGUST 26 THE PROPOSAL WAS PRIMARILY A TACTICAL MANEUVER TO PRY RULING MODERATE LIBERALS AWAY FROM THEIR DETERMINATION TO SLASH EXPENDITURES ONLY IN THE SOCIAL WELFARE SECTOR WHILE LEAVING DEFENSE AND AGRICULTURE UNAFFECTED. MOREOVER, HE SAID, IT WAS NECESSARY FOR INTERNAL POLITICAL PURPOSES THAT THE SOCIAL DEMOCRATIC PARTY NOT BE THE LAST, AS IT HAD BEEN IN 1968, TO GO ON RECORD AS WILLING TO CONSIDER DEFENSE CUTS.

4. DURING A LATER DISCUSSION (AUG 27), ANDERSEN APPEARED TO GIVE MORE SUBSTANCE TO THE PROPOSAL. HE SAID THAT IN A TIME OF SERIOUS ECONOMIC CRISIS IT WAS DIFFICULT TO EXEMPT THE DEFENSE BUDGET ALTOGETHER. FURTHERMORE, AN AGREEMENT ON A SLIGHT CUT OF DK 130

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MILLION (20 MILLION DOLLARS) AS PART OF THE PRESENT INTER-PARTY NEGOTIATIONS WOULD REMOVE THE DEFENSE QUESTION AS A POSSIBLE ELECTION ISSUE. POLCOUNS REPLIED THAT REOPENING THE DEFENSE AGREEMENT AT ALL WAS THE MOST SERIOUS ISSUE AND THAT THE NEWS OF ANY ACTUAL STEPS IN THAT DIRECTION WOULD BE VERY BADLY RECEIVED IN WASHINGTON.

5. DEFENSE MINISTRY CONTACTS HAVE INFORMED DAO THAT THEY DO NOT EXPECT THE PROPOSAL TO GET OFF THE GROUND UNLESS AN ELECTION IS CALLED. DEFMIN BRONDUM HAS PRIVATELY DECLARED THAT HE WOULD RESIGN RATHER THAN ACCEPT AN INFRINGEMENT OF THE INVIOABILITY OF THE 1973 COMPROMISE. FOLLOWING SCHLUTER'S EQUIVOCAL STATEMENT, HOWEVER, THESE DEFENSE MINISTRY CONTACTS HAVE BEEN LESS CONFIDENT.

6. COMMENT: EMBASSY CONSIDERS THE PROPOSAL STILL TO BE LARGELY A TACTICAL MANEUVER AT THIS TIME OF CRITICAL GOVERNMENTAL NEGOTIATIONS. THE DANGER, HOWEVER, IS THAT A TACTICAL MANEUVER CAN BECOME SUBSTANCE IN A PARTY PLATFORM, ESPECIALLY IF AN ELECTION SHOULD BE CALLED THIS FALL. IN ADDITION TO REJOINDER MADE TO K.B.ANDERSEN, EMBASSY HAS MADE THE POINT IN SEVERAL OTHER QUARTERS THAT SUCH A RENEGING ON THE DANISH COMMITMENT TO ITS NATO PARTNERS IS CERTAIN TO RE-OPEN OLD WOUNDS.
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